

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Australia

## Dairy and Products Annual

## 2012

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**Report Highlights:**

Australian milk production in 2013 is forecast at 10.14 million metric tons (MMT), 1.2 percent higher than the estimated 10.02 produced in 2012. In 2012, cheese production grew on an annual basis by an impressive 12 percent to an estimated 385,000 MT and is forecast at 390,000 MT in 2013. Dairy exports in 2013 are projected at 673,000 MT, 14 percent higher than in 2012, cheese is again the standout performer with exports projected to up by 24 percent in 2013. While dairy imports are expected to remain relatively flat, imports of U.S. cheeses are booming.

## **Summary:**

The end of a near decade-long drought in 2010, followed by two consecutive years of above-average rainfall in key dairy producing areas, has enabled the Australian dairy industry to successfully rebound. Not quite to year 2000 production levels, but the sector should be able to get back to those historical production highs within the next 3 to 5 years.

Supported by excellent pasture and crop growing conditions in 2011 and the first half of 2012, milk production in 2012 is estimated at 10.02 million metric tons (MMT), a 4.7 percent, year-on-year gain. Production is projected to increase (1.2 percent) in 2013 and is forecast at 10.14 MMT, supported by plenty of irrigation water in storage and a projected 30,000 additional cows (up 1.8%) in production.

Around 25% (2.5 MMT) of Australia's milk supply is consumed domestically in the form of liquid drinking milk, with the balance 7.5 MMT employed in the production of dairy products. For the products analyzed in the PSD system: cheese, butter/fat, skim milk powder (SMP), whole milk powder (WMP), total production of is forecast at 896,000 MT in 2013, a 1.1% increase on the revised 2012 estimate of 886,000 MT. Supported by this year's excellent conditions, the big jump in production of dairy products occurred in 2012, with production expected to be 6 percent higher than in 2011.

Once small, forecast increases in liquid drinking milk demand are met, the big mover in production is likely to be cheese. Cheese production in 2013 is forecast at 390,000 MT, 1.3% higher than the estimated 2012 level of production. The 2012 year is where all the action is likely to be, with production estimated at 385,000 MT, 14 percent higher than the previous year.

As noted, domestic consumption is the dominant force in the Australian dairy sector dynamics. Total dairy product consumption (across all categories including liquid milk) is estimated to use 55% of total milk produced. Although per capita consumption has stabilized for cheese and liquid milk; and even fallen for butter, population growth of 1.4% per annum will continue to increase domestic demand for dairy products. Including liquid milk, total consumption of the PSD commodities is forecast at 2.94 MMT for 2013, a 1.4% year-on-year increase on 2012, estimated at 2.9 MMT which is in turn a 1.5% gain on 2011.

Export performance for 2013 in the PSD commodities is forecast at 673,000 MT, a 14% year-on-year gain over 2012 exports of an estimated 593,000 MT, which in turn were 8% higher than in 2011. Cheese is a standout performer with a 24% increase in exports projected in 2013. Butter/fat and SMP exports are likely to increase in both 2012 and 2013.

Australia is a readily accessible market for dairy product imports with no tariff or quota barriers. For cheese, SMP, WMP, and fat products it is forecast total imports will plateau at 112,000 MT in 2013, less than 1% below the total for 2012. New Zealand is the major supplier of dairy products to Australia dominating the major import categories of cheese and butter/fats. The United States is the second largest supplier of dairy imports, evidencing very strong growth in recent years. Imports from the US totaled 23,378 MT valued at \$73 million in 2011 up an impressive 217 percent from 7,356 MT imported in 2009 (valued at \$13 million). Cheese, whey powder, lactose, and ice cream are the main categories coming from the US.

## **Commodities:**

Dairy, Milk, Fluid  
Dairy, Cheese  
Dairy, Butter  
Dairy, Milk, Nonfat Dry  
Dairy, Dry Whole Milk Powder

### Milk Production:

Dairy, Milk, Fluid Australia	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk	1,620	1,620	1,650	1,650		1,680
Cows Milk Production	9,562	9,562	10,000	10,015		10,135
Other Milk Production	0	0	0	0		0
Total Production	9,562	9,562	10,000	10,015		10,135
Other Imports	9	9	8	7		6
Total Imports	9	9	8	7		6
Total Supply	9,571	9,571	10,008	10,022		10,141
Other Exports	79	79	92	87		95
Total Exports	79	79	92	87		95
Fluid Use Dom. Consum.	2,347	2,418	2,350	2,454		2,490
Factory Use Consum.	7,145	7,074	7,566	7,481		7,556
Feed Use Dom. Consum.	0	0	0	0		0
Total Dom. Consumption	9,492	9,492	9,916	9,935		10,046
Total Distribution	9,571	9,571	10,008	10,022		10,141
1000 HEAD, 1000 MT						

### 2013

Modest production growth is expected in 2013, with milk production forecast to increase (1.2 percent) to 10.14 million metric tons (MMT). Factors supporting the production increase include:

- Irrigation water storage levels are at 90 to 100% of capacity.
- Approximately 27% of all land is irrigated and at present water prices are low, \$5-8/megalitre compared to \$400/megalitre in the middle of the drought.
- The majority of farms are well positioned for next year with good pasture levels; adequate supplies of supplementary forage; and good cow conditions.
- The number of cows in milk is forecast to increase by 1.8%.
- Export-oriented processors (mainly in Victoria and Tasmania) are expected to step up production to meet world demand for dairy products.

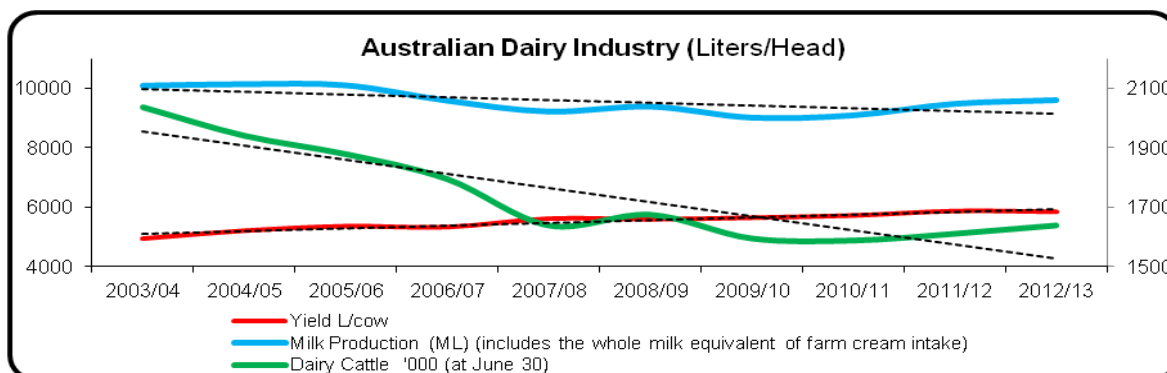
However, there are other factors are in play that limit the potential of the Australian dairy sector to evidence even stronger growth.

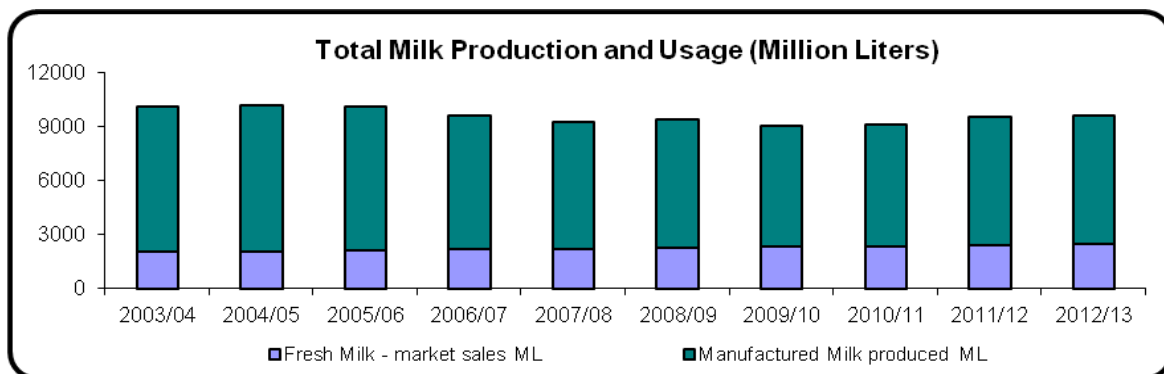
- Raw milk prices are expected to decline by 10-15 percent, and perhaps more for the liquid drinking milk suppliers in Queensland and NSW.
- Grain prices have increased and are likely to remain high throughout most of 2013.
- In 2011/12, purchased feed accounted for approximately 25 percent of total costs, which is the highest single category of expenditure. With total revenue likely to fall, farmers will try to economize in this area.
- Some farmers have already begun to reduce their use of feed grains, which is likely to result in a reduction in average cow production to some degree.
- Live exports of dairy-bred heifers continue with 55,000 head shipped in 2011. In an effort to boost flagging income, farmers will be tempted to sell additional heifers which could affect the number of cows milked during the second half of 2013.
- Dairy Australia's 2012 farmer survey suggests farmers are evenly poised between those who are expansionary (46%), those who are more cautious either maintaining present levels (40%) or reducing production (6%). Note 8% of farmers weren't able to supply a forecast.

## 2012

A bumper 2011/2012 season is expected to support 2012 milk production on the order of 10.02 MMT, 1.7 percent higher than Post's previous estimate, and 4.7 percent higher than the 2011 estimated level of production. The factors behind the improvement are:

- A 1.85 percent increase in the total numbers of cows milked, which accounts for roughly 40% of the production increase.
- Adequate to high rainfall in key dairying regions supported good pasture growth and subsequently cow nutrition.
- Feed grains, which comprise approximately 30 percent of the average Australian dairy cow's total diet, were relatively lower-priced during the first half of 2012.
- Relatively high milk prices for the 2011/2012 financial year have encouraged production.





## Longer Term

A growing population will ensure growth in domestic demand, and robust international demand for dairy products would suggest that the Australian dairy sector should be embarking on a prolonged expansionary phase. However, rising input costs and the strong Australian dollar will likely pose a challenge to the international competitiveness of Australian dairy products. For example, should domestic costs of production rise steeply, New Zealand is well poised to supply butter, cheese and dairy ingredients into the Australian market at competitive prices. Industry insiders maintain that an annual rate of growth in milk production of 2 percent is likely in the medium term.

Looking at the next 2 to 3 years, this level of growth appears achievable as water supply (the elephant in the room in terms of industry development) looks to be assured with the high current irrigation water storage levels. Looking further out, however, water supply will be limited by government buy backs of water allocations and the next dry period.

This will tend to reinforce the trend toward the sector re-accommodating itself to the more reliable rainfall areas with a temperate climate (notably southern Victoria and Tasmania) so a primarily pasture-fed dairy cow model can be pursued. It's also possible that an alternative model could develop, as drier areas already feed a greater proportion of grain per cow and larger farms (+500 cows) also feed higher rates of grain. These areas are still largely responsible for supplying the fresh markets in Canberra, Sydney and Brisbane and could evolve to look more like Californian dairies with very big herds, housed, and fed total mixed rations containing higher levels of grain.

## Cheese Production

Dairy, Cheese	2011		2012		2013	
Australia	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	29	29	35	16		51
Production	332	338	365	385		390
Other Imports	72	72	70	76		76
Total Imports	72	72	70	76		76
Total Supply	433	439	470	477		517
Other Exports	168	168	184	170		210
Total Exports	168	168	184	170		210
Human Dom. Consumption	230	255	244	256		257
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	230	255	244	256		257
Total Use	398	423	428	426		467
Ending Stocks	35	16	42	51		50
Total Distribution	433	439	470	477		517
1000 MT						

### 2013

With a smaller increase in milk supply and pressure from other categories for milk supply (liquid drinking milk and FMCG such as yoghurt), production of cheese is expected to increase modestly in 2013, and is forecast at 390,000MT. The following factors are likely to be in play:

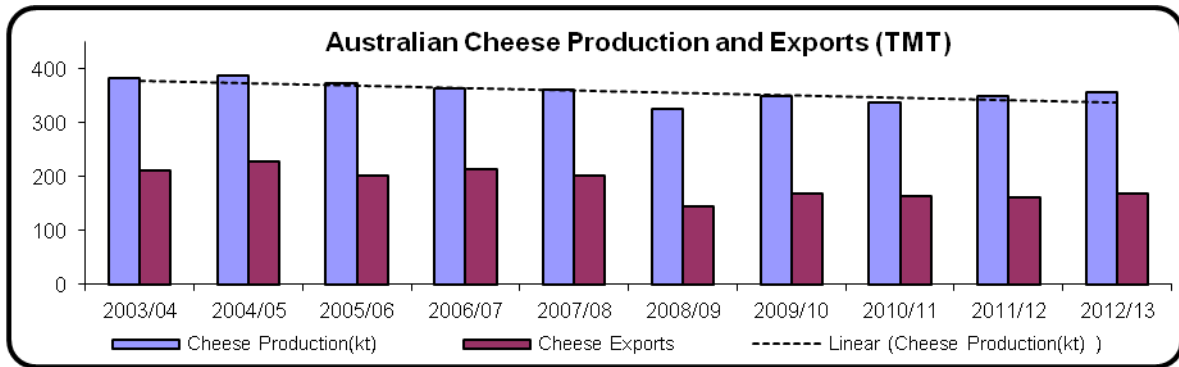
- There will still be plant capacity available to increase production.
- Demand for cheese is expected to be solid both domestically and off-shore.
- Milk supply is only forecast to grow 1.2%.
- Processors will initially look to satisfy any increase in demand for liquid drinking milk (either fresh or UHT) before extra cheese is produced.

### 2012

Based on year-to-date (YTD) production figures and anecdotal reports, a significant boost in cheese production is projected in 2012, which is forecast at 385,000MT, 12 percent higher than Post's previous estimate and up 14 percent relative to the estimated 2011 level of production level. The increase is attributed to:

- Trade reports that domestic consumption of cheese in 2011 was nearly 11% higher than previously estimated. This is likely to have run down stocks to some extent.
- Production during the first half of 2012 was 8 percent ahead of same period in 2011.
- There is plenty of capacity within the industry to increase production, as evidenced by announcements that Murray Goulburn plans to spend \$200 million on improvements to its cheese processing facilities; and Lion NFL is streamlining and increasing its processing capacity in Tasmania.
- Anecdotally it is reported that various companies are running their cheese facilities at higher throughput levels.

- Demand for products such as cream cheese, and cut/shredded cheese remains strong.
- Australian processors maintain that they have a competitive advantage and better channels to market their cheese than for Whole Milk Powder (WMP) or the Fat/Skim Milk Powder (where New Zealand and the EU/US respectively are perceived to be more price competitive in world trade).
- Whey products (the main by-product of the manufacturing process) are fetching historically high prices in world markets.



## Butter and Fat Products

Dairy, Butter	2011		2012		2013	
Australia	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	22	22	40	41		49
Production	127	123	129	126		126
Other Imports	19	19	18	24		21
Total Imports	19	19	18	24		21
Total Supply	168	164	187	191		196
Other Exports	42	45	65	60		65
Total Exports	42	45	65	60		65
Domestic Consumption	86	78	79	82		83
Total Use	128	123	144	142		148
Ending Stocks	40	41	43	49		48
Total Distribution	168	164	187	191		196
1000 MT						

Note: Anhydrous Milk Fat (AMF) is adjusted in the tables and in the narrative to butter equivalents by multiplying AMF tons by 1.24.

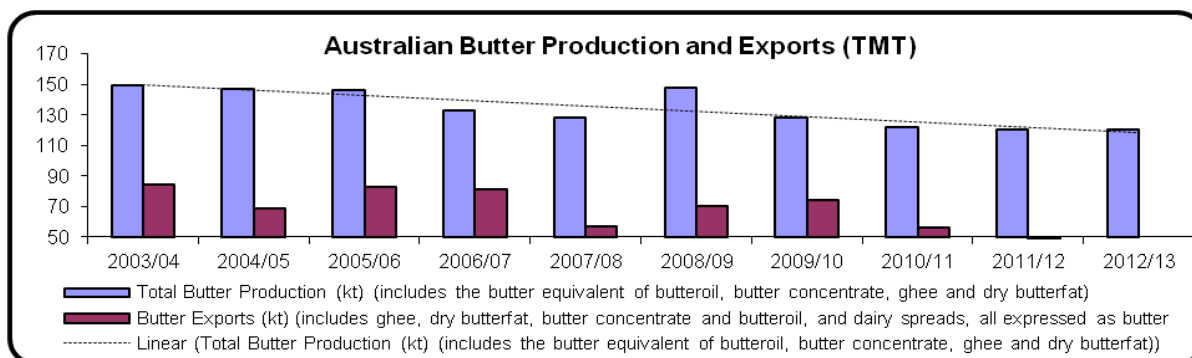
### 2013

For 2013 Butter/AMF production is forecast to flat line at 126,000MT. The dynamics coming into play are:

- Domestic demand is not growing quickly enough to justify a production push.
- Processors are reporting better margins for cheese products, liquid milk, and Fast Moving Consumer Goods (FMCG).

### 2012

Total production of butter and fats in 2012 is estimated at 126,000MT, 2.3 percent lower than Post's previous estimate, and 2.4 percent higher than the estimated 2011 production level. While per capita consumption is flat, future production increases are expected to maintain pace with population growth.



Source: ABARES Data



## Skim Milk Powder/Non-Fat Dried Milk

Dairy, Milk, Nonfat Dry	2011		2012		2013	
Australia	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	48	48	56	75		85
Production	230	230	235	235		235
Other Imports	5	5	4	4		5
Total Imports	5	5	4	4		5
Total Supply	283	283	295	314		325
Other Exports	175	140	185	159		189
Total Exports	175	140	185	159		189
Human Dom. Consumption	52	68	53	70		71
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	52	68	53	70		71
Total Use	227	208	238	229		260
Ending Stocks	56	75	57	85		65
Total Distribution	283	283	295	314		325
1000 MT						

### 2013

Production is forecast to be flat in 2013 at 235,000MT. The following factors are likely to be in force:

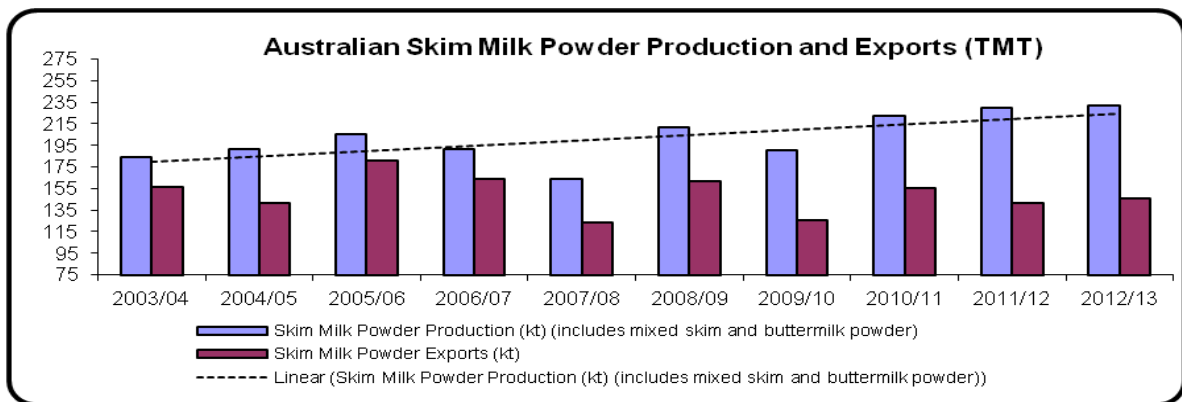
- As forecast reductions of stocks are worked through it is unlikely there will be big production gains.
- The production of cheese, UHT and fresh liquid milk, FMCG production is being emphasized by processors.

### 2012

Production in 2012 is expected to edge up to 235,000MT (2.2% higher than in 2011). The comments on fat products also apply to and set the scene for SMP, because SMP, being the main co-product in fat production, is dependent on the amount of fat produced.

In the first six months of 2012, Dairy Australia estimated production to be at the same level as produced in the first half of 2011, however as fat production is tipped to increase slightly there will be extra protein to be turned into either SMP; milk protein concentrates, or casein. It is assumed for this analysis it the extra protein will go into SMP. It is likely that with 2011 production estimated at 230,000MT (in recent data), coupled with flat exports and domestic consumption, that inventories were increased during 2011 which would discourage big production jumps in 2012 while the higher stock levels were being sold down.

SMP is not a favored category by processors, and some plants reportedly having been converted over to produce nutritional or infant formula powder.



*Source: ABARES Data*

## Whole Milk Powder (WMP)

Dairy, Dry Whole Milk Powder	2011		2012		2013	
Australia	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	33	33	37	38		30
Production	148	148	154	140		145
Other Imports	19	13	20	9		10
Total Imports	19	13	20	9		10
Total Supply	200	194	211	187		185
Other Exports	116	116	116	117		114
Total Exports	116	116	116	117		114
Human Dom. Consumption	47	40	49	40		41
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	47	40	49	40		41
Total Use	163	156	165	157		155
Ending Stocks	37	38	46	30		30
Total Distribution	200	194	211	187		185
1000 MT						

## 2013

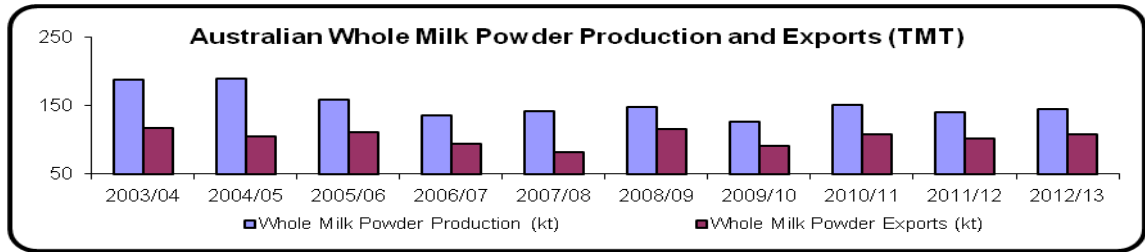
WMP is forecast to rebound slightly in 2013 and is forecast at 145,000MT (up 3.6% relative to 2012). The increase is likely to be brought about by:

- Once inventories that were built up in 2011 are sold down during 2012 a gentle increase in WMP could be expected to maintain the export tonnage.
- Once liquid milk, cheese, and ingredients for FMCG demand for milk is taken care of, extra milk supply is likely to go into the production of WMP.

## 2012

Production in 2012 is estimated at 140,000MT, 5.4% lower than the estimated 2011 production level. Dairy Australia reports that production for the first half of 2012 is about 13% behind the corresponding period in 2011. Factors influencing production are:

- While processors report access to some lucrative export market channels, big increases in tonnages do not seem to be in their plans at present.
- NZ is viewed as having the competitive advantage in this category with lower processing costs and milk at the farm gate produced with higher protein levels.



Source: ABARES Data

## Consumption

While Australia is the world's 4<sup>th</sup> largest exporter of dairy goods, accounting for 8% of world trade, the domestic market still consumes 55% of all milk produced. The combination of a near decade-long drought (when production trended down from 10.9m liters to 9.0m liters) and population growth on the order of 1.4% per annum, supplying the domestic milk market has been the primary focus of the Australian dairy sector.

<b>Australia PSD Summary Table Dairy Product Domestic Consumption Projections</b>					
<b>Year (1000s MT)</b>	<b>Actual</b>	<b>Estimated</b>	<b>Forecast</b>	<b>% change 12 yr to 11 yr</b>	<b>% change 13 yr to 12 yr</b>
	<b>2011</b>	<b>2012</b>	<b>2013</b>		
Liquid Milk	2418	2454	2490	1.5%	1.5%
Cheese	255	256	257	0.4%	0.4%
Butter/AMF/Dairy Spreads	78	82	83	5.1%	1.2%
SMP	68	70	71	2.9%	1.4%
WMP	40	40	41	0.0%	2.5%
Sub Total for Listed Commodities	2859	2902	2942	1.5%	1.4%
Sub Total for Listed Commodities Excl Liquid. Milk	441	448	452	1.6%	0.9%

*Note: AMF has been adjusted to Butter Equivalents*

<b>Per capita consumption of major dairy products (liters or kg)</b>				
	<b>Milk (l)</b>	<b>Cheese (kg)</b>	<b>Butter &amp; Blends (kg)</b>	<b>Yogurt (kg)</b>
2005/06	100.2	11.3	4.1	6.6
2006/07 (r)	103.4	12	3.8	7.1
2007/08 (r)	103.0	12.5	4.1	6.9
2008/09 (r)	102.6	12.9	4.0	6.7
2009/10 (r)	102.4	12.9	3.8	7.1
2010/11 (p)	103	12.7	3.7	7.2

*Source: Dairy manufacturers and Dairy Australia*

The big movers for domestic consumption are now liquid milk and FMCG, such as yoghurt. Per capita consumption of liquid milk has increased since 2005/06 and there is population growth as well (1.4% per annum, or over 2m since 2005/06). Suppliers have recognized that UHT milk is a channel to customers that can be grown and new processing facilities are being built to satisfy domestic and export demand. Another indicator of the growth in liquid milk consumption is the increased popularity of purchased coffees which contain significant proportions of milk. Products such as yoghurt used as an ingredient, SMP, thereby further reinforcing the domestic demand for this commodity.

Cheese consumption looks to have stabilized on a per capita basis, but population growth is still generating increased domestic demand. There is also a trend away from cheddar consumption to higher consumption of fresh cheeses (either as ingredients or spreads) and to specialty cheeses and Hard and Semi-hard cheeses.

Due to the high Australian dollar, some processed food manufacturers who previously used ingredients purchased within Australia, reportedly now find it cheaper to import either the finished product or components of their products. Ironically a cracker biscuit imported from China for example may actually be using powdered cheese as a flavoring that was originally imported from Australia. At this stage this development doesn't seem to be materially altering the total amounts of dairy products consumed/used domestically.

## Trade and Inventories

Australia PSD Summary Table for Dairy Product Export Projections					
Year	Actual	Estimated	Forecast	% change	% change
(1000s MT)	2011	2012	2013	12 yr to 11 yr	13 yr to 12 yr
Liquid Milk	79	87	95	10.1%	9.2%
Cheese	168	170	210	1.2%	23.5%
Butter/AMF/Dairy Spreads	45	60	65	33.3%	8.3%
SMP	140	159	189	13.6%	18.9%
WMP	116	117	114	0.9%	-2.6%
Sub Total for Listed Commodities	548	593	673	8.2%	13.5%
Sub Total for Listed Commodities Excl Liq. Milk	469	506	578	7.9%	14.2%

*Note: AMF has been adjusted to Butter Equivalents*

Australia PSD Summary Table for Dairy Product Import Projections					
Year	Actual	Estimated	Forecast	% change	% change
(1000s MT)	2011	2012	2013	12 yr to 11 yr	13 yr to 12 yr
Liquid Milk	9	7	6	-22.2%	-14.3%
Cheese	72	76	76	5.6%	0.0%
Butter/AMF/Dairy Spreads	19	24	21	26.3%	-12.5%
SMP	5	4	5	-20.0%	25.0%
WMP	13	9	10	-30.8%	11.1%
Sub Total for Listed Commodities	118	120	118	1.7%	-1.7%
Sub Total for Listed Commodities Excl Liq. Milk	109	113	112	3.7%	-0.9%

*Note: AMF has been adjusted to Butter Equivalents*

Australia Import Statistics							
Commodity: Dairy all Food & Industrial, all dairy products food & other uses							
Calendar Year: 2009 - 2011							
Partner Country	United States Dollars			% Share			% Change 2011/2010
	2009	2010	2011	2009	2010	2011	
World	454747876	644575306	735406712	100.00	100.00	100.00	14.09
New Zealand	261459717	406010838	434152277	57.50	62.99	59.04	6.93
<b>United States</b>	<b>13413924</b>	<b>45073707</b>	<b>73003894</b>	<b>2.95</b>	<b>6.99</b>	<b>9.93</b>	<b>61.97</b>
Italy	27122293	32121077	41820919	5.96	4.98	5.69	30.20
Denmark	23934330	24924443	28773758	5.26	3.87	3.91	15.44
France	18230798	20916562	21301801	4.01	3.25	2.90	1.84
Germany	6429758	11793255	17985827	1.41	1.83	2.45	52.51
Netherlands	13027133	10598882	16303107	2.86	1.64	2.22	53.82
Norway	12630894	13928520	15390200	2.78	2.16	2.09	10.49
Greece	12009905	12301554	13356811	2.64	1.91	1.82	8.58
United Kingdom	2730735	4343428	7459021	0.60	0.67	1.01	71.73

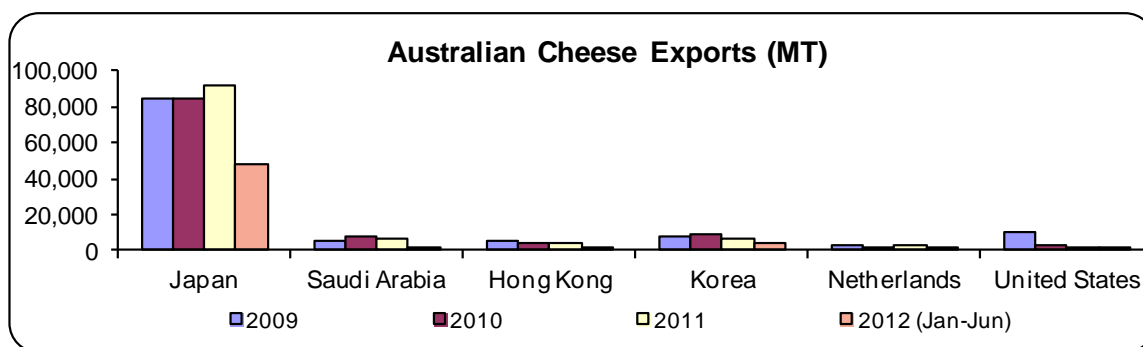
Source of Data: Australian Bureau of Statistics



## Cheese

### Exports

- Cheese is considered to have the best promise at the moment as product of choice to export once liquid milk requirements are taken care of.
- Even though exports during the first half of 2012 are 6,000 MT behind the corresponding period in 2011, there is a buildup of inventory as production is being ramped up, and product is undergoing maturation/aging before being shipped ( most cheese is expected to undergo 3-9 months aging).
- It is expected that during the second half of 2012 exports will increase so that for the full year exports will match or just surpass those of 2011.
- However it is likely there will be a big push to increase exports in 2013 once there is plenty of correctly aged product available for shipping.



*Source: WTA DATA*

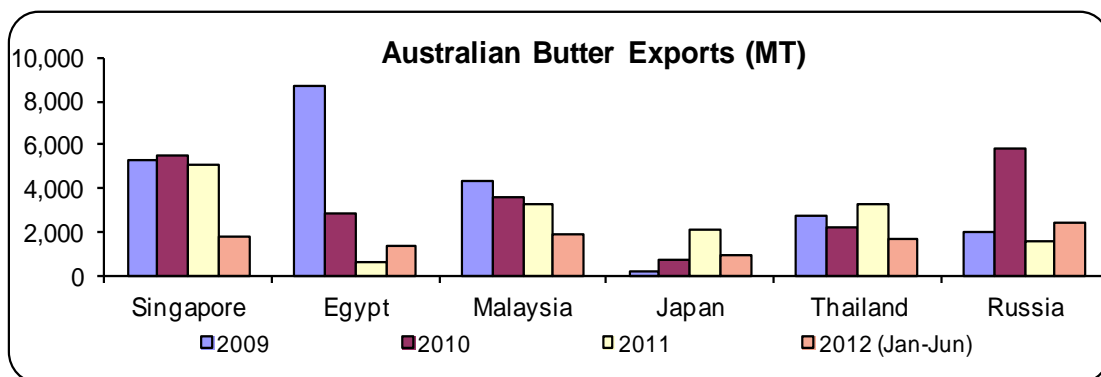
### Imports

- NZ is the largest exporter of cheese into Australia at 46,731 MT in 2011. This equated to 64.5% of total imports down from a 72% share in 2010.
- Imports from the US jumped from 5,771 MT in 2010 to reach 9,259 MT in 2011.

## Butter/Anhydrous Milk Fat

### Exports

- A build up of butter/fat stocks in 2011 is likely to fuel a significant jump in butter exports in 2012.
- In the first six months of 2012, total fat exports were over 4,000MT ahead of the same period 2011.
- The level of exports could be even higher if international pricing is advantageous and stock levels are to be maintained at 41,000MT.
- However there is a degree of nervousness as to the outlook for fat demand. AMF pricing on Global Dairy Trade Auction recovered somewhat during July August, 2012 but has fallen back during September, early October, losing most of the gains made in July and August.



*Source: WTA Data*

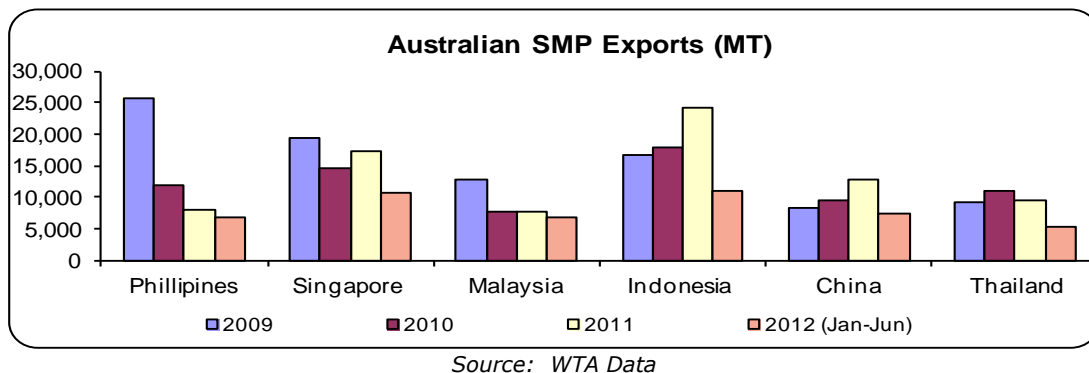
### Imports

- It is likely imports for the full CY 2012 will be up 25-30% but are expected to decline to closer to historical levels in 2013.
- NZ is the major supplier of butter to Australia, shipping 16,952 MT (butter equivalents) which equated to 90% of total imports.

## SMP

### Exports

- SMP exports are expected to register impressive gains, mainly on the back of increases in inventories built up in 2011.
- Exports in the first half of 2012 were 2.3% ahead of the same period in 2011 but it is expected the gap will widen as stocks are drawn down during the later part of the year.
- SMP exports could rise further in 2013, provided production levels are maintained and there is general reduction in stocks back to what could be considered a more normal level.



## WMP

The forecast balance of export tonnages for the various commodities in the PSD analysis is predicated on current price relativities being maintained between WMP; the Fat/SMP combo; and/or cheese. If WMP prices edge up too far against Fat/SMP there is likely to be some reduction in AMF and SMP production and exports and a corresponding gain in WMP. This is not likely to happen, if at all, until 2013.

## Whey

Whey powders and whey protein concentrates are generally a by-product of cheese making. They are receiving good prices in the export market at the moment. Traditionally approximately 50% of production has been used domestically, but it is notable that for the first half of 2012 exports were up 55% on the same period last year, at 24,801MT. With increased cheese production it is likely that whey exports will continue to increase.

## UHT Milk

Ultra Heat Treated Milk exports are another area being emphasized by processors and exporters. It is expected there will be steady growth year on year even though in the first half of 2012 exports were 2,000MT behind the same period in 2011

## Trade Restrictions

Dairy imports into Australia don't face any restrictions or barriers in form of tariffs or quotas. In addition apart from normal food safety regulations there are no non-tariff barriers to trade.

## Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:  
<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>.

Title of Report	Date
<a href="#">Grain and Feed Update – October 2012</a>	09/29/12
<a href="#">Sugar Semi-annual 2012</a>	09/25/12
<a href="#">Cotton and Products Voluntary</a>	09/10/12
<a href="#">Livestock and Products Annual 2012</a>	08/27/12
<a href="#">FAIRS Country Report 2012</a>	08/21/12
<a href="#">Exporter Guide 2012</a>	08/14/12
<a href="#">Stone Fruit Annual 2012</a>	08/06/12
<a href="#">Grain and Feed Update – August 2012</a>	08/03/12
<a href="#">Biofuels Annual 2012</a>	06/27/12
<a href="#">Retail Sector Report</a>	06/11/12
<a href="#">Dairy and Products Semi Annual 2012</a>	05/07/12
<a href="#">Sugar Annual 2012</a>	04/10/12
<a href="#">Cotton and Products Annual 2012</a>	03/29/12
<a href="#">Grain and Feed Annual 2012</a>	03/20/12
<a href="#">Wine Annual 2012</a>	03/15/12
<a href="#">Livestock and Product Semi-annual 2012</a>	03/13/12
<a href="#">Grain &amp; Feed Lock-Up – February 2012</a>	01/24/12